

DOCUMENT RESUME

ED 456 328

CE 082 309

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TITLE Who Pays for Lifelong Learning?
PUB DATE 2001-03-00
NOTE 11p.; In: Research to Reality: Putting VET Research To Work. Proceedings of the Australian Vocational Education and Training Research Association (AVETRA) Conference (4th, Adelaide, South Australia, March 28-30, 2001); see CE 082 232.
AVAILABLE FROM For full text:
<http://www.avetra.org.au/PAPERS%202001/watson.pdf>.
PUB TYPE Opinion Papers (120) -- Speeches/Meeting Papers (150)
EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Access to Education; Adult Education; Continuing Education; Corporate Support; Developed Nations; *Educational Finance; *Educational Policy; Educational Status Comparison; Employer Attitudes; Federal Aid; Foreign Countries; Government Role; Job Skills; *Labor Force Development; *Lifelong Learning; Participation; *Resource Allocation; Skilled Workers; State Aid; Student Motivation; Unskilled Workers
IDENTIFIERS *Australia

ABSTRACT

Structural change in the economy has seen the emergence of human resource skills as an important intangible input to the value-adding process. The fastest growing sectors of the economy employ workers with high levels of skill. This has led to the development of a lifelong learning policy agenda that argues lifelong learning is the key to economic prosperity in the future. The lifelong learning policy agenda assumes that because education is important to worker productivity, industries and employees will be willing to finance the cost of workers' participation in education and training. The lifelong learning policy agenda emphasizes the need to motivate people and their employers to invest more in education and training. But there is a significant difference between the amount of training undertaken by high- and low-skilled workers and a disparity in the extent to which these groups of individuals attract employer support. People in highly skilled jobs are more likely to participate in continuing education and training than people in low-skilled occupations. People in low-skilled occupations are less likely to receive employer support for their participation in continuing education and training. The policy goal of "lifelong learning for all" is unlikely to be achieved unless governments actively support education and training participation among people with lower levels of skill. (Contains 16 references.) (YLB)

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Who pays for lifelong learning?

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The common policy response to global capitalism is to emphasise the importance of lifelong learning in developing a national skill base. The fastest-growing industries appear to be 'knowledge-based' and economic returns are increasingly obtained from a range of intangible inputs, one of which is workers' skills. Economic rewards are flowing to people with high skills who engage in continuous education and training.

Education participation is highest among people who are employed, and a large amount of work-related external training is financed by employers and individual workers. These trends are consistent with the lifelong learning policy agenda that emphasises self-funded participation in both formal and informal learning. But workers in low skilled jobs receive less opportunities and less financial support for participation in training than workers in high skilled jobs. The new economy appears to be generating inequality in the distribution of educational opportunities between people with high skills and people with low skills. This may undermine the OECD's policy goal of achieving lifelong learning *for all*.

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Lifelong learning is now on the policy agenda of UNESCO, the OECD and many developed countries, including Australia (Kemp 1999; OECD 1996; Scollay 1999). Work-related learning is an important focus of the lifelong learning policy agenda. The 'lifelong learning policy agenda' is a new way of talking about education and training policy. The lifelong learning policy agenda has emerged over the past five years, since the OECD released its report *Lifelong learning for all* in 1996. This paper discusses the impact of the lifelong learning policy agenda on policy development in Australian education and training, with specific reference to the issue of who pays for lifelong learning.

Why is lifelong learning important?

The lifelong learning policy agenda is based on a belief about the importance of education to productivity in the new economy.

Education is important in the new economy because technological change, particularly in the information and communication technologies (ICT), is transforming both the nature of work and its output. Innovations in computer technology combined with new management techniques have transformed the old manufacturing-based economy into the 'new economy' of the late 20th and early 21st Century. The new economy is a services economy characterised by high flows of global capital. Over 60% of Australian GDP is now generated from services and 74% of jobs are generated by the services sector. The proportion of jobs in manufacturing has halved since 1966 (Australian Bureau of Statistics 1999, 2000).

ICT is believed to have revolutionised economic production in several ways. First, ICT enables firms to operate more efficiently and to create new markets for goods

and services. New technology such as the memory chip has dramatically reduced the cost, speed and volume of transactions, particularly in information intensive industries like banking, insurance and finance. These efficiency gains have increased the mobility of capital, which combined with deregulation has contributed to the globalisation of financial markets.

ICT has also increased the 'knowledge-intensity' of industries. 'Knowledge-intensity' is a difficult concept to measure. The OECD measures the knowledge-intensity of industries with data on R&D expenditure and the skill levels of the workforce. Generally a knowledge-intensive industry makes extensive use of both ICT and skilled workers. The financial services sector is an example. But ICT appears to be transforming production in all industries, not only the services sector. For example, computer-based production systems enable 'just-in-time' delivery for a range of manufactured goods. Seventy percent of the value of a car is now attributable to knowledge-based elements such as styling, design and software (Higgins 1999).

In the now global markets for goods and services, economic returns appear to be flowing to industries with high levels of 'intangible' inputs. Intangible inputs include human resources, R&D, intellectual property rights, brands, networks with customers and suppliers, and management structures. Intangible inputs tend to have a high educational component, which now seems critical for wealth creation.

Although some arguments about the role of education in the new economy are contestable (see for example Krugman 1994), there is evidence that educational qualifications are highly valued in the Australian economy:

- Workers with high levels of education attract higher wages. Fifty-three percent of people with higher degrees earn more than \$1,000 per week, compared to 20% of people with Bachelors degrees and only 8% of people with basic vocational qualifications (Australian Bureau of Statistics 1998).
- Highly educated workers are more likely to work full-time than people with lower level qualifications. Eighty percent of jobs held by managers and professionals are full-time jobs, whereas less than 50% of jobs in elementary clerical, sales and service occupations and labouring are full-time (Australian Bureau of Statistics 2000).
- People without post-school qualifications are more likely to report being unemployed (11.2%) or not in the labour force (19.6%) compared to people with post-school qualifications – of whom 5.5% are unemployed and 7.3% are not in the labour force (Australian Bureau of Statistics 1998).

While debate will continue about whether education is a 'driver' of growth in the new economy, there is sufficient data to suggest that educational qualifications are highly valued in the Australian workforce. This may be due to the increasing 'knowledge-intensity' of work and to the fact that workers need to be lifelong learners.

If lifelong learning is important to worker productivity in the new economy, the people most likely to succeed in the labour market are those with educational

qualifications. Research consistently reveals a strong relationship between levels of formal schooling and later involvement in adult education (Anderson and Darkenwald 1979; Courtney 1992). Australian research indicates a link between level of formal education and participation in adult education. People with university degrees are twice as likely to participate in adult education and training as people with a high school qualification (AAACE 1995). People with higher levels of education are also therefore more likely to participate in work-based training (Australian Bureau of Statistics 1998).

The importance of education in the new economy has led the OECD to embrace lifelong learning as a determinant of long-run economic growth. This is why the policy pronouncements of all Western countries, including Australia, now emphasise the importance of lifelong learning to economic prosperity.

How governments will promote lifelong learning

In 1996, OECD Education Ministers made a commitment to lifelong learning for all. Their communique stated, 'Lifelong learning will be essential for everyone as we move into the 21st Century and has to be made accessible to all' (OECD 1996, p 21).

The OECD Education Ministers' communique identified four strategies for promoting lifelong learning:

1. strengthening foundations for learning throughout life;
2. promoting links between learning and work;
3. rethinking the roles and responsibilities of all partners (individuals, governments and industry) who provide opportunities for learning; and
4. creating incentives for individuals, employers and providers to invest more in lifelong learning (OECD 1996, p 21).

Throughout the communique there is a heavy emphasis on the role of individuals and employers in meeting the cost of lifelong learning. Where governments are mentioned, it is in the context of partnerships with individuals and employers.

Governments in partnership with learners, their families, public and private providers, teachers, and the social partners are best placed to set the policy framework for developing systems and networks through which individuals learn. (OECD 1996, p 23)

This emphasis on funding partnerships is reflected in the Australian policy documents, which are even more explicit in emphasising the role of individuals in financing learning. The Ministerial Council of the Australian National Training Authority (ANTA) recognises the importance of lifelong learning to maintaining the skill base of the Australian labour force. In its strategic plan, the ANTA Council (Australian National Training Authority 1998) envisages a nation in which:

Australian workers want, throughout their working life, to update their vocational skills and to acquire new ones. They are active learners and are

willing to make a personal contribution and commitment to their own education and training.
(my italics)

Australia's review of higher education (West 1998, p 43) defined a lifelong learner as 'a person who takes responsibility for their own learning and *who is prepared to invest "time, money and effort" in education or training on a continuous basis*' (my italics).

In November 1998, the ANTA Ministerial Council commissioned a project called the *National Marketing Strategy for Skills and Lifelong Learning* to explore the attitudes, values and behaviours of employers and the general community about skills and learning. This research has resulted in a series of strategies to encourage employers to increase their investment in training and to assist young people at risk of dropping out of training (Australian National Training Authority 2000b).

A defining characteristic of the lifelong learning policy agenda is that individuals, their employers or industry should contribute to the cost of education and training. Although all the policy documents emphasise the importance of lifelong learning to national economic prosperity, there is scant mention of governments' role in financing it except in terms of a partnership with individuals and industry.

The UK is one of the few countries where the lifelong learning policy agenda has been translated into specific government programs. The partnership concept underpins many of these initiatives. For example, the UK government has introduced a pilot program of 'individual learning accounts' to finance education and training participation among people with lower level qualifications. Although these 'learning accounts' attract some government subsidies, individuals are expected to contribute to the cost of their own training in partnership with employers and government. The explicit strategy of the scheme is to increase the level of commitment to training among people with lower level qualifications and among companies with low relative levels of training expenditure (*The Times Educational Supplement* 2000).

The OECD advocates *universal* participation in lifelong learning policy agenda, but assumes that this will be achieved through motivating individuals and their employers to invest more in education and training activity.

Ministers call upon private- and public-sector employers and the social partners to respond to the demand for increased investment in human capital, to overcome barriers to the expansion of adult education and training and to further develop active labour market programmes, particularly to combat marginalisation and social exclusion. (OECD 1996, p 24)

To judge the extent to which governments can expect individuals and employers to be motivated to invest in lifelong learning, we need to understand the distribution of education and training opportunities in the workplace. The following section examines the extent to which Australian workers participate in lifelong learning.

The distribution of education and training opportunities

The policy literature on lifelong learning emphasises the high value placed on education and training by industries in the new economy. It could be assumed that because lifelong learning contributes to economic productivity, the market will meet the cost of individuals' investments in education and training – either through higher wages or employer support for continuing education participation. The extent to which this is true depends on where you are placed in the skill hierarchy of the labour market.

Table 1: Employment by occupational group and qualifications, Australia (2000)

Skill level	Occupational groups	Brief description of skills	No. of workers
1	Managers and administrators, professionals	Skill commensurate with a Bachelor degree or higher qualification, or at least 5 years relevant experience	2.3 m
2	Associate professionals	Skill commensurate with an AQF diploma or advanced diploma, or at least 3 years relevant experience	1.1 m
3	Tradespersons and related workers, advanced clerical and service workers	Skill commensurate with an AQF Certificate III or IV, or at least 3 years relevant experience	1.9 m
4	Intermediate clerical, sales and service workers, intermediate production and transport workers	Skill commensurate with an AQF Certificate II or at least 1 year relevant experience	2.9 m
5	Elementary clerical, sales and service workers, labourers and related workers	Skill commensurate with completion of compulsory secondary education or an AQF Certificate I	2.5 m

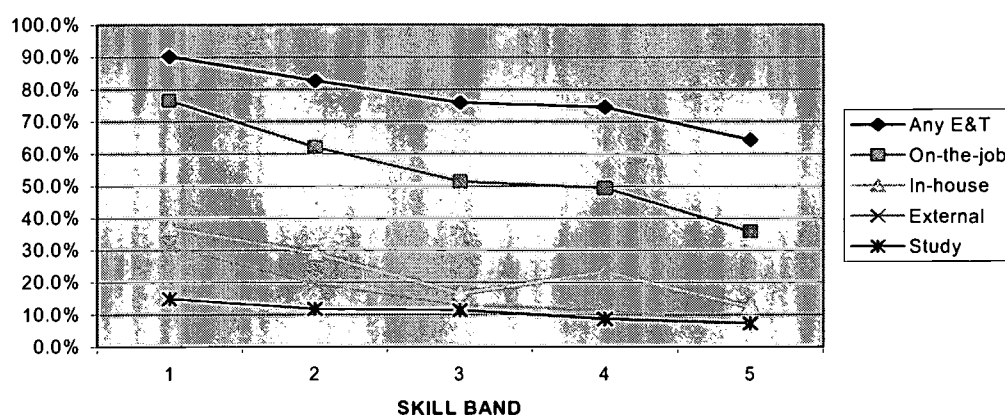
Source: Australian Bureau of Statistics (ABS) Catalogue no 1220.0. Australian Standard Classification of Occupations 1997 (second edition), ABS Catalogue no 6203.0. Labour Force Australia (2000, May).

As shown in Table 1, the Australian Bureau of Statistics reports employment by occupational groups within five bands of skill that are commensurate with educational qualifications and experience. People in skill band 1 are those with the highest educational qualifications – a Bachelors degree or higher. People in skill band 2 have the equivalent of an advanced diploma and people in skill band 3 have trade qualifications at the level of AQF Certificate III or IV. Year 12 graduates or people with AQF level II are in skill band 2. Skill band 5 represents people who have not completed secondary school.

People in skill band 1 occupy 25% of jobs in the Australian economy, whereas 27% of jobs are held by people in skill band 4 and 29% of jobs are in skill band 5. However, a disproportionate share of jobs in skill band 5 are part-time. The ABS reported an average for part-time workers of 16.8 hours per week and an average for full-time workers of 44.4 hours per week. If the numbers of full-time and part-time jobs in each skill category are multiplied by these average hours, the distribution of hours worked is different to the distribution of total jobs. In terms of total hours worked, the highest proportion of working hours (27%) is spent in jobs at skill level 1 and only 16% of employment occurs in the lowest skill band. Skill bands 2, 3 and 4 respectively account for 12, 19 and 26% of total hours worked.

Participation in education and training varies considerably between the five skill bands as illustrated in Figure 1. The data relate to reported participation in any form of education and training during the 12 months prior to May 1997, when the ABS Survey of Education and Training experience was conducted.

Figure 1: Level of worker participation in education and training by skill category, Australia (1997)

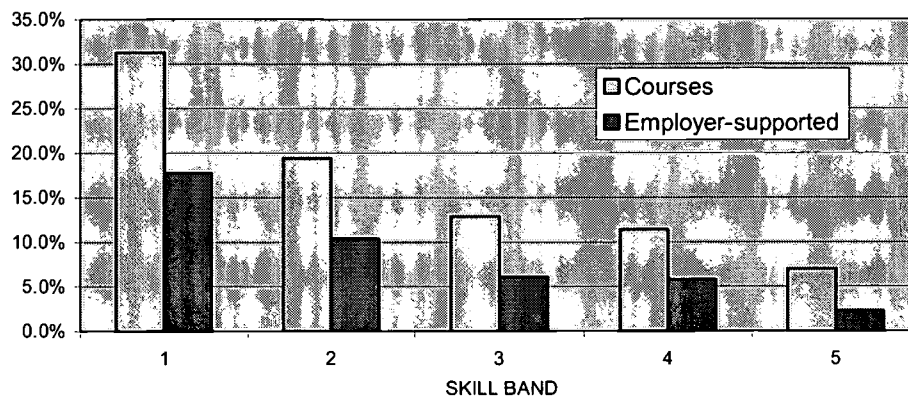


Source: Australian Bureau of Statistics (1998) *Education and Training Experience 1997* (Catalogue no 6278.0).

In the 12 months prior to May 1997, 90% of workers with Bachelors degrees (skill band 1) participated in some type of education or training. In contrast, only 64% of people in the lowest skill band (5) participated in education and training over the same period. The workers most likely to be engaged in any form of education or training are those with university qualifications. People with the lowest level of qualifications are least likely to participate in work-related education and training activities (Australian Bureau of Statistics 1998).

External training courses are a rapidly growing form of work-related training. Almost 20% of workers were engaged in external training courses in 1997, compared to 9% in 1989. As for all forms of education and training, people with university qualifications are more likely to participate in external training courses than people with lower level skills. In the 12 months prior to May 1997, 31% of people in skill band 1 (the university educated) engaged in external training courses, compared to 7% of people employed at skill band 5 (educated to year 10 or AQF level 1). This is shown in Figure 2.

Figure 2: Worker participation in external training courses and level of employer financial support by skill category, Australia (1997)



Source: Australian Bureau of Statistics (1998) *Education and Training Experience 1997* (Catalogue no 6278.0).

The level of employer financial support for participating in external training courses declines according to the worker's level of skill. Among university graduates, employers made a financial contribution towards their participation in external training courses in 57% of cases. In contrast, only one in three workers in the lowest skill band received financial support from their employers towards the cost of their external training courses. In other words, people in the lowest skilled jobs are the least likely to undertake external training courses and when they do, two out of three do not receive any support from their employers (see Figure 2).

In summary, the distribution of all types of education and training opportunities in the workplace favours people with university qualifications over people with lower level skills. People with the lowest level qualifications are the least likely to undertake work-related external training courses. And when they do, they are more likely to finance it themselves.

Conclusion

Structural change in the economy has seen the emergence of human resource skills as an important intangible input to the value-adding process. The fastest growing sectors of the economy employ workers with high levels of skill. This has led to the development of a lifelong learning policy agenda that argues lifelong learning is the key to economic prosperity in the future. The lifelong learning policy agenda assumes that as education is important to worker productivity, industries and employees will be willing to finance the cost of workers' participation in education and training.

The lifelong learning policy agenda emphasises the need to motivate people and their employers to invest more in education and training. But there is a significant difference between the amount of training undertaken by high-skilled and low-skilled workers, and a disparity in the extent to which these groups of individuals

attract employer support. People in highly skilled jobs are more likely to participate in continuing education and training than people in low-skilled occupations. People in low-skilled occupations are less likely to receive employer support for their participation in continuing education and training. This contributes to a widening gap in the education and income levels of people with university qualifications and those with lower level skills. This gap is likely to widen further if efforts are not made to increase the participation of groups who are currently under represented in continuing education and training.

The idea that participation in education and training should be financed by individuals and employers - a feature of the lifelong learning policy agenda - is unlikely to address the educational barriers faced by people with low skills. Lifelong learning certainly appears to be linked to economic growth in the new economy. But the market incentives for investing in lifelong learning are not uniform for all workers. The education and training opportunities generated by the new economy flow overwhelmingly to the most educationally advantaged people in the labour market - university graduates. The OECD's policy goal of 'lifelong learning for all' is unlikely to be achieved unless governments actively support education and training participation among people with lower levels of skill.

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